



Massachusetts Drinking Water State Revolving Fund Program

MassDEP
Division of Municipal Services
2006

Introduction

The Massachusetts Drinking Water State Revolving Fund (DWSRF) provides low-cost financing to help community public water suppliers comply with federal and state drinking water requirements. The DWSRF Program's goals are to protect public health and strengthen compliance with drinking water requirements, while addressing the Commonwealth's drinking water needs. The Program incorporates affordability and watershed management priorities.

The DWSRF Program is jointly administered by the Division of Municipal Services of MassDEP and the Massachusetts Water Pollution Abatement Trust (Trust). This year, MassDEP will solicit projects from Massachusetts municipalities and community water systems (with at least 15 residential connections) to be considered for subsidized loans. The current subsidy level is provided via a 2% interest loan. The Program will operate with approximately \$100-125 million in financing annually.

Eligible Projects

Financial assistance is available for engineering, design, and construction of drinking water projects, including new wastewater treatment facilities that protect public health and strengthen compliance with federal and state drinking water regulations. For engineering and design costs, the Program will provide financial assistance in the form of allowances as a percentage of project costs. Eligible projects include:

- new and upgraded drinking water treatment facilities;
- projects to replace contaminated sources, new water treatment, or storage facilities;
- consolidation or restructuring of water systems;
- projects and system activities that provide treatment, or effective alternatives to treatment, for compliance with regulated health standards, such as the Surface Water Treatment Rule; and
- installation or replacement of transmission or distribution systems.

Examples of ineligible projects include dams, purchase of water rights, reservoirs, lab fees, fire protection projects, and other non-capital expenses.

Project Rating

The need for drinking water funding in the Commonwealth far exceeds the financing available under the DWSRF. MassDEP has established criteria to evaluate and prioritize proposed projects. These criteria and other program procedures are contained in regulations found in 310 CMR 45.00.

To be considered for funding, a public water supplier must complete a project evaluation form (PEF) during the project solicitation period in May. The application requires thorough information showing the project's significant benefits to public health or drinking water quality, local funding authorization, and a commitment that the borrower can file a timely loan application. MassDEP will rank the projects using a rating system which assigns points on the basis of various criteria. These criteria include the extent to which the project:

- eliminates or mitigates a public health risk;
- is necessary to achieve or maintain compliance with applicable drinking water quality requirements;
- is affordable to users in the service area;
- consolidates or restructures a public water system;
- implements, or is consistent with, watershed management plans (or addresses a watershed priority) and is consistent with local and regional growth or infrastructure plans; and
- the borrower supports the Commonwealth Sustainable Development Initiative, as evidenced by its Commonwealth Capital Score.

DWSRF Process Steps

1. Project Solicitation/PEF
2. Annual Priority List
3. IUP Project List
4. Loan Application
5. Project Approval Certificate
6. Loan Commitment Issued
7. Project Regulatory Agreement
8. Loan Agreement Executed

Project Priority List and Intended Use Plan Project Listing

After evaluating the project requests submitted in response to the annual solicitation, MassDEP will rank the projects, conduct a public hearing, and adopt a priority list of projects eligible to receive financial assistance. From this annual list, and on the basis of the projects' readiness to proceed and priority rating, MassDEP assigns projects to the Intended Use Plan Project Listing (IUP). The IUP is a subset of the priority list and identifies candidates for DWSRF funding.

Projects on the IUP are eligible to apply for financing in the current year, with the total cost of all projects on the IUP not to exceed the amount of financing capacity available for that year. To qualify for placement on the DWSRF IUP, a project must have a high ranking, have received a local funding appropriation or be scheduled for funding appropriation by June 30th of the calendar year. Also, the applicant must be able to file a complete loan application at the earliest opportunity, but no later than October 15th of the calendar year.

Funding Commitments

To obtain funding for a project on the IUP, the borrower must file a loan application and obtain a Project Approval Certificate (PAC) from MassDEP. The loan application must include information about funding authorization, repayment ability, and project schedule. A complete loan application also includes construction contract documents ready for bidding and evidence of compliance with any applicable environmental reviews and permits.

Once DEP certifies that costs are eligible for funding from the DWSRF Program, the Trust votes to issue the borrower a binding loan commitment. This commits MassDEP to finance the full eligible cost of the project, as described in the borrower's initial application. MassDEP then issues a Project Regulatory Agreement (PRA). The PRA includes MassDEP's regulation and supervision conditions and limitations, cash drawdown schedule, and provisions from the PAC.

The Trust, MassDEP, and the borrower then enter into a loan agreement to secure the financing for the project. The loan agreement establishes the security of the loan, repayment schedule, interest rates, and subsidies, as well as various procedural and regulatory requirements related to the DEP's oversight of the project. Following MassDEP approval of the PAC, the project must commence in six months.

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This information is available in alternative format upon request by contacting the ADA Coordinator at 617/556-1057.

For More Information

To obtain additional information concerning the DWSRF Program, please contact one of the following regional program managers:

Northeast:	Kevin Brander	978/694-3236
Southeast:	Richard Keith	508/946-2784
Central:	Paul Anderson	508/767-2802
West:	Deirdre Cabral	413/755-2148

Drinking Water Program staff in DEP's Boston office:

Donovan Bowley	617/292-5523
Yvette DePeiza	617/292-5857

Municipal Services staff in Boston:

Steve McCurdy, Director	617/292-5779
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Information also is available on MassDEP's web site:
<http://www.mass.gov/dep/water/wastewater/srfhowto.htm>
and

Massachusetts Water Pollution Abatement Trust web site:
<http://www.mass.gov/treasury/mwpat/wpat.htm>

DWSRF Timelines

Step	Date
Submit PEF	August
Appropriate Local Funds	No later than the following June 30
File Loan Application	No later than the final October 15
MassDEP Issues PAC	No later than Dec. 31
Project Begins	Within 6 months of PAC issuance

